



LA Fashion District BID Board of Directors Meeting

Thursday, April 20, 2017 at 11:45 a.m.

110 E 9th St Suite A-1175, Los Angeles, CA 90079

AGENDA

1. Public Comment
2. Welcome & Introductions
3. Approval of Minutes: February 16, 2017 Attachment 1
4. Financial Committee Report
 - a. Presentation: DRAFT 2016 Audit & Financials by Fabio Vasco, CPA
 - b. **ACTION ITEM: Approve the Audit for FY '16** Attachment 2
 - c. Review March 2017 YTD Financials
5. Presentation: East-West Downtown Transit Corridor by Josh Kreger, Director of Real Estate & Planning, South Park BID (Proposal to Connect South Park, Fashion, Arts Districts)
6. Chairman's Report,
 - a. Summary of the Board Retreat Attachment 3
 - b. Resignation from the Board, Debbie Welsch
7. Renewal Committee Report – L. Becker
8. Executive Director's Report Attachment 4
 - a. LA Treasures Event Attendees – May 12th
 - b. DTLA 2040 Community Plan Attachment 5
 - c. CCA Advocacy Agenda Attachment 6
 - d. **POSSIBLE ACTION ITEM:** Motion to Approve Contributing to the Cost of Santee Alley Restroom Maintenance Attachment 7
 - e. Miscellaneous Items to Report
9. New Business
10. Adjourn

The agenda and information materials are available for review in the BID office at the address below.

Next Board Meeting date*:

May 18, 2017

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and upon request will provide reasonable accommodation to ensure equal access to its programs, services, and activities. Sign language interpreters, assisted listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability of services, please make your request at least 3 business days (72-hours) prior to the meeting by Kent Smith at (213) 488-1153 x 712.

Draft Issued 4/12/17

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT
(A Non-profit Corporation)**

FINANCIAL STATEMENTS

**Year Ended December 31, 2016
(With comparative totals for 2015)**

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT**

TABLE OF CONTENTS

Year Ended December 31, 2016

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-13

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT
Los Angeles, California

We have audited the accompanying financial statements of Downtown Los Angeles Property Owners Association, dba LA Fashion District Business Improvement District (the "Association") (a California nonprofit corporation) which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Prior Year Financial Information

The 2015 financial statements were reviewed by us, and our report thereon, dated March 7, 2016, stated we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Certified Public Accountants
April 6, 2017

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT**
Statement of Financial Position
December 31, 2016
(With Comparative Totals for 2015)

	<u>2016</u>	<u>2015</u>
	Audited	Reviewed
ASSETS		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$ 1,356,562	\$ 975,342
Assessments Receivable, net of reserve for uncollectable assessments of \$14,934 and \$32,400, for 2016 and 2015, respectively (Note 2)	-	-
Prepaid Expenses and Other Assets (Note 4)	<u>114,201</u>	<u>130,083</u>
Total Current Assets	<u>1,470,763</u>	<u>1,105,425</u>
Cash Investments - Other (Note 3)	<u>240,000</u>	<u>723,943</u>
Property and Equipment (Note 2):		
Field Equipment	305,015	369,648
Website	63,106	63,106
Leasehold Improvements	32,341	32,341
Computers	25,491	49,774
Furniture and Fixtures	<u>22,888</u>	<u>22,888</u>
	448,841	537,757
Less Accumulated Depreciation	<u>(343,784)</u>	<u>(341,831)</u>
Net Property and Equipment	<u>105,057</u>	<u>195,926</u>
Total Assets	<u><u>\$ 1,815,820</u></u>	<u><u>\$ 2,025,294</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 157,385	\$ 246,997
Trust Account - 8th and San Pedro Median Project	22,682	22,529
Deferred Website Advertising Revenue	<u>9,630</u>	<u>-</u>
Total Current Liabilities	<u>189,697</u>	<u>269,526</u>
Commitments (Note 8)	-	-
Unrestricted Net Assets (Note 5):		
BID Fund Balance	1,022,538	1,112,108
North Santee Alley Overlay Fund Balance	65,715	64,921
Board-Designated for BID Renewal	100,000	100,000
Board-Designated for MTA Grant Match	147,813	147,813
Board-Designated for Future Capital Equipment Purchases	185,000	135,000
Investment in Existing Property and Equipment	<u>105,057</u>	<u>195,926</u>
Total Unrestricted Net Assets	<u>1,626,123</u>	<u>1,755,768</u>
Total Liabilities and Net Assets	<u><u>\$ 1,815,820</u></u>	<u><u>\$ 2,025,294</u></u>

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT**

**Statement of Activities
Year Ended December 31, 2016
(With Comparative Totals for 2015)**

	2016	2015
	Audited	Reviewed
BID REVENUES (Note 2):		
Assessment Revenue:		
Business Improvement District - Assessments	\$ 3,170,921	\$ 3,044,516
Collection of Prior Years' Unpaid Assessments	30,928	8,010
Collection of Penalties and Interest	11,551	1,879
General Benefit Revenue	75,479	107,109
Special Events Revenue and Sponsorships	18,500	17,055
Merchants & Food Vendors Trash Pick-Up	13,618	15,455
Investment Income	16,561	15,059
Other Revenues	18,459	19,792
BID Revenues Sub-Total	<u>3,356,017</u>	<u>3,228,875</u>
OVERLAYS REVENUES (Note 2):		
North Santee Alley Overlay Assessments	270,681	231,382
North Santee Alley General Benefit Rev	6,978	12,577
South Santee Alley Overlay Assessments (pass-thru)	284,543	213,466
South Santee Alley General Benefit Rev (pass-thru)	6,534	11,700
Overlays Revenues Sub-Total	<u>568,736</u>	<u>469,125</u>
Total Revenues	<u>3,924,753</u>	<u>3,698,000</u>
BID EXPENSES (Note 2):		
Cleaning	1,553,389	1,496,671
Safety	1,166,553	1,227,314
Management	222,209	226,960
Communication	194,728	176,485
Special Projects	155,235	191,431
Provision for Uncollectable Assessments	87,907	91,988
Depreciation and Amortization	74,174	75,879
City and County Collection Costs	32,262	30,977
BID Expenses Sub-Total	<u>3,486,457</u>	<u>3,517,705</u>
OVERLAYS EXPENSES (Note 2):		
North Santee Alley Overlay	276,864	293,534
South Santee Alley Overlay (pass-thru)	291,077	225,166
Overlays Expenses Sub-Total	<u>567,941</u>	<u>518,700</u>
Total Expenses	<u>4,054,398</u>	<u>4,036,405</u>
(Decrease) in Net Assets	(129,645)	(338,405)
UNRESTRICTED NET ASSETS - Beginning of Year	<u>1,755,768</u>	<u>2,094,173</u>
UNRESTRICTED NET ASSETS - End of Year	<u><u>\$ 1,626,123</u></u>	<u><u>\$ 1,755,768</u></u>
Supplemental Note:		
(Decrease) in Net Assets (Excluding Overlays)	<u><u>\$ (130,440)</u></u>	<u><u>\$ (288,830)</u></u>

See Independent Auditors' Report and Notes to Financial Statements

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT**

**Statement of Cash Flows
Year Ended December 31, 2016
(With Comparative Totals for 2015)**

	<u>2016</u> Audited	<u>2015</u> Reviewed
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (129,645)	\$ (338,405)
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents (Used-in) Operating Activities:		
Depreciation and Amortization	74,174	75,879
Gain on Sale of Equipment	(1,381)	(9,600)
Changes in Assets and Liabilities:		
Prepaid Expenses and Other Assets	15,882	50,301
Accounts Payable and Accrued Expenses	(89,612)	38,021
Deferred Website Advertising Revenue	9,630	-
Trust Account - 8th and San Pedro Median Project	153	244
	<u> </u>	<u> </u>
Net Cash and Cash Equivalents (Used-in) Operating Activities	<u>(120,799)</u>	<u>(183,560)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemptions/(Purchases) of Investment CDs	483,943	494,057
(Purchases) of Equipment	(1,324)	(124,937)
Proceeds from Sale of Equipment	19,400	9,600
	<u> </u>	<u> </u>
Net Cash and Cash Equivalents Provided by Investing Activities	<u>502,019</u>	<u>378,720</u>
Net Increase in Cash and Cash Equivalents	381,220	195,160
CASH AND CASH EQUIVALENTS, beginning of year	<u>975,342</u>	<u>780,182</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,356,562</u></u>	<u><u>\$ 975,342</u></u>

SUPPLEMENTAL CASH FLOW DISCLOSURE INFORMATION:

The Association disposed of certain equipment during 2016 and 2015 with original costs of \$90,239 and \$72,668, respectively.

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT**

**Notes to Financial Statements
Year Ended December 31, 2016**

(1) NATURE OF ORGANIZATION

Downtown Los Angeles Property Owners Association, (the "Association"), doing business as LA Fashion District Business Improvement District, is a 501(c)(6) tax-exempt nonprofit mutual benefit corporation dedicated to helping the community be a clean, safe, and friendly place to work, shop, do business and live through cleaning, safety and marketing programs. Launched in January 1996, the LA Fashion District Business Improvement District ("BID") was the first property-based BID in Los Angeles.

A 15-member Board of Directors, consisting of LA Fashion District property owners, administers the management of the BID. A 7-member management team directs the day-to-day operation of BID programs and serves as a liaison between city government and property owners.

The specific purpose of the Association is to advocate, facilitate and/or direct improved public safety, sidewalk, graffiti and streetscape cleaning programs, and other projects that contribute to a cleaner, safer, well-managed section of Los Angeles known as the Fashion District. The Association consists of property owners located within the Fashion District's 100 block BID.

The Association's viability and its revenues depend upon renewal of the BID by the member property owners and the Los Angeles City Council (the "City"), and continuation of a performance agreement with the City to administer the BID funds and services in accordance with the Management District Plan. The City Council approved a fifth renewal of the BID for a five-year term beginning January 1, 2014 through December 31, 2018.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Reclassification

Certain prior year account balances may have been reclassified to conform to the current year presentation or to more accurately present the nature of the account balances.

Revenue Recognition

Revenues are recorded when earned and consist of real estate special assessments levied on properties based on location and benefits received, as approved by property owners and the City of Los Angeles in the Management District Plan.

Parcels with footage fronting the North Santee Alley, ("NSA"), pay added assessments to fund additional services inside the NSA as a separate overlay under the Management District Plan. The 2016 Revenue was composed of \$270,681 billed overlay assessments and \$6,978 General Benefit funds paid by the City. The 2015 Revenue was composed of \$231,382 billed overlay assessments and \$12,577 General Benefit funds paid by the City for years 2015 and 2014. The Association keeps in its checking account any NSA Reserve Funds.

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT**

Notes to Financial Statements

Year Ended December 31, 2016

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Parcels with footage fronting the South Santee Alley pay added assessments to fund additional services inside the South Santee Alley as a separate overlay under the Management District Plan. Under agreement between the Association and the Santee Maple Alley Association, ("SMAA"), the Association receives overlay assessments from the City and fully transfers these overlay assessments to SMAA as a pass-thru. The 2016 Revenue was composed of \$284,543 billed overlay assessments and \$6,534 General Benefit funds paid by the City. The 2015 Revenue was composed of \$213,466 billed overlay assessments and \$11,700 General Benefit funds paid by the City for years 2015 and 2014. The SMAA keeps its own checking account and any SMAA accumulated reserve funds.

The City and County of Los Angeles coordinate the levy and collection of all current-year assessments and prior years' unpaid assessments, penalties and interest, which for the years ended December 31, 2016 and 2015 totaled \$3,213,400 and \$3,054,405, respectively (excluding the Santee Alley Overlays). The costs directly associated with the administration of this program were reimbursed to the City and County of Los Angeles, \$32,262 and \$30,977 for the years ended December 31, 2016 and 2015,

Assessments Receivable and Allowance for Doubtful Accounts

Management believes that uncollected assessments relating to certain parcels may not be collected and, accordingly, has established reserves for uncollectable assessments receivable. The Association's policy, consistent with industry practice, is to reserve 100% of unpaid assessments receivable. At December 31, 2016 and 2015, the reserves for uncollectable assessments receivable were \$14,934 and \$32,400, respectively and composed of only outstanding private-parcel assessments.

General Benefit Revenue

Per the 2014 through 2018 Management Plan, the 2016 and 2015 billed assessments (excluding the Overlays) were reduced by \$76,735 and \$73,670 or 2.42%, respectively for the estimated General Benefit component within the Service Programs. The Association is required to use "non-assessment" funds to pay for the General Benefit component. However, for years 2016 and 2015 the City of LA reimbursed the Association for these funds amounting to \$75,479 and \$107,109, respectively. The amount received in 2015 was for 2015 plus a partial balance owed for 2014. The City paid the 2016 revenue but at the 2014 base amount due to the City's interpretation of the Management Plan.

Other Revenues

For the years ended December 31, 2016 and 2015, the Association received Other Revenues of \$18,459 and \$19,792, respectively derived from revenue from merchants to advertise on the Association's website, gains from retired equipment and other miscellaneous receipts.

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT**

**Notes to Financial Statements
Year Ended December 31, 2016**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Financial instruments that subject the Association to potential concentration of credit risk consists principally of cash and cash equivalents, money market accounts and investments in certificates of deposit. The Association maintains its cash, money market accounts and investments in Union Bank, Merrill Lynch and HAB Bank. Bank balances and money market accounts are subject to coverage by the Federal Deposit Insurance Corporation (FDIC), the Securities Investor Protection Corporation (SIPC) up to statutory limits and by other bank-provided private insurance.

Cash and Cash Equivalents

Cash and cash equivalents include cash in bank, money market accounts and short-term (maturing in three months or less as of year-end) certificates of deposit.

Property and Equipment

Property and equipment is depreciated using the straight-line method over the estimated useful lives (3 to 5 years) of the individual assets. Leasehold improvements are amortized over the estimated useful lives, or the term of the related leases, whichever is shorter, using the straight-line method.

Advertising

The Association expenses all costs of advertising and promotion as incurred. Such costs were \$4,528 and \$4,815 for years 2016 and 2015, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Legal Assertions

Various claims, generally incidental to the conduct of normal business, are pending or threatened against the Association from time to time. While ultimate liability, if any, is presumably indeterminable, in the opinion of management, the ultimate resolutions will not have a materially adverse effect on the financial condition of the Association.

Subsequent Events

The Association has evaluated events subsequent to December 31, 2016, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through April 6, 2017, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2016**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fair Value Standards under FASB Accounting Standards Codification (ASC) 820-10 establishes a hierarchical framework which prioritizes and ranks the level of market price observability used in measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1: Quoted market prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

(3) CASH AND CASH EQUIVALENTS AND INVESTMENTS FAIR VALUE MEASUREMENTS

At December 31, 2016 and 2015, the Association had cash and cash equivalents and investments as follows:

<u>Cash and Cash Equivalents</u>	2016	2015
Certificates of Deposit (yield rates 0.40% - 1.00%)	\$ 738,000	\$ 489,000
Money Market Account - Merrill Lynch	544,571	437,278
Money Market Account - 8th & S. Pedro Trust Acct	22,682	22,529
Checking Accounts - Union Bank	50,309	25,535
Petty Cash	1,000	1,000
	<u>1,356,562</u>	<u>975,342</u>
<u>Cash Investments - Other</u>		
Certificate of Deposit (yield rate 1.20%), with maturity dates longer than 3 months.	240,000	723,943
Total	<u>\$ 1,596,562</u>	<u>\$ 1,699,285</u>

The Certificates of Deposit and Investments-Other at December 31, 2016 had maturities in January 2017 through August 2017 and are planned to be held to maturity. At December 31, 2016 and 2015, the certificates of deposit and investments-other are classified as Level 2 assets, and there were no transfers in or out of Level 2 during the year.

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT**

Notes to Financial Statements

Year Ended December 31, 2016

(4) PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets at December 31, 2016 and 2015 were as follows:

	2016	2015
Collected Assessments to be Remitted by the City of LA	\$ 27,690	\$ 27,668
General Benefit Revenue to be Remitted by the City of LA	-	42,395
Prepaid Insurance	35,361	33,667
Other Receivables	27,560	4,497
Prepaid Rent	9,219	8,947
Refundable Deposits	5,600	5,600
Other Prepaid Expenses	8,771	7,309
Total	<u>\$ 114,201</u>	<u>\$ 130,083</u>

(5) UNRESTRICTED NET ASSETS

The Association allocates certain unrestricted net assets to Board-Designated reserves to facilitate the spending policies established by the Board of Directors. The net assets and changes therein have been classified and are reported as follows:

- BID Fund Balance - In accordance with the State of California Streets and Highways Code Section 36741, the Association is required to disclose the amount of any BID funds balance to be carried over from a previous fiscal year. Accordingly, the Association is carrying over an unspent BID funds balance of \$1,022,538 from 2016 to 2017 and carried over \$1,112,108 from 2015 to 2016. These funds are being used to supplement the annually billed BID assessments to meet operating needs.
- North Santee Alley Overlay Fund Balance - The Association is carrying over an unspent funds balance of \$65,715 from 2016 to 2017 and carried over \$64,921 from 2015 to 2016. These funds are being used to supplement the annually billed North Alley Overlay assessments to meet operating needs.
- Board-Designated for BID Renewal - As of December 31, 2016 and 2015, the Board has designated a \$100,000 reserve to be used for the next BID Renewal.

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT**

**Notes to Financial Statements
Year Ended December 31, 2016**

(5) UNRESTRICTED NET ASSETS (CONTINUED)

- Board-Designated for MTA Grant Match - The Board has designated \$100,000 to be used to obtain \$1.3 million in funding for streetscaping from Olympic Boulevard to Pico Boulevard and from Santee Street to Maple Street (Phase 1); (in 2013, \$2,187 was spent from this reserve to set up a system of removable vehicle-stopping poles at the entrances of the North and South Santee Alleys, leaving \$97,813), plus \$50,000 to obtain \$1.6 million in funding for future streetscaping on Los Angeles Street between 7th Street and Olympic Boulevard (Phase 2).
- Board-Designated for Future Capital Equipment Purchases - As of December 31, 2016 and 2015, the Board has designated \$185,000 and \$135,000, respectively for acquisition of capital equipment in subsequent years through 2018.
- Investment in Existing Property and Equipment - Investment in property and equipment represents the carrying value of property and equipment, at cost, net of accumulated depreciation and amortization.

(6) FUNCTIONAL ALLOCATION OF EXPENSES

The functional allocation of expenses for the years ended December 31, 2016 and 2015 are as follows:

	2016		2015	
Program	\$ 3,264,248	93.6%	\$ 3,290,745	93.5%
Management	222,209	6.4%	226,960	6.5%
Total Functional Expenses	3,486,457	100%	3,517,705	100%
North Santee Alley Overlay	276,864		293,534	
South Santee Alley Overlay	291,077		225,166	
Total Overlay Expenses	567,941		518,700	
Total Expenses	\$ 4,054,398		\$ 4,036,405	

(7) RETIREMENT PLAN

The Association sponsors a defined contribution SIMPLE IRA retirement plan covering all of the Association's employees, after one year of employment. The plan allows employee contributions up to statutory limits and employer matching contributions up to 3% of employees' compensation. For the years ended December 31, 2016 and 2015, the Association made contributions to the plan totaling \$20,718 and \$16,718, respectively.

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT**

**Notes to Financial Statements
Year Ended December 31, 2016**

(8) LEASE COMMITMENTS

In December 2013, the Association entered into an operating lease agreement with a related party for its administrative office for a five-year term, ending on February 28, 2019. Under the provisions of the lease, in 2016 the Association made monthly rental payments of \$1,910, subject to a 3% increase per year. See also Note 11, Related Party Transaction.

In January 2014, the Association entered into an operating lease agreement with an unrelated party for its field office for a five year term, ending on February 28, 2019. Under the provision of the lease, in 2016 the Association made monthly rental payments of \$5,709, subject to a 3% increase per year.

In January 2014, the Association entered into an operating lease agreement with an unrelated party for use of a vacant lot to park personnel vehicles and to store trash roll-off containers for a five year term, ending on January 31, 2019. Under the provision of the lease, in 2016 the Association made monthly rental payments of \$1,600, subject to a fixed \$50 increase per year.

Future minimum lease payments are as follows:

Year ending December 31,	Facilities leases	Lot used for vehicle parking & trash bins	Totals
2017	\$ 93,712	\$ 19,750	\$ 113,462
2018	96,522	20,350	116,872
2019	16,165	1,700	17,865
	<u>\$ 206,399</u>	<u>\$ 41,800</u>	<u>\$ 248,199</u>

Facilities rent expense for the years ended December 31, 2016 and 2015 was \$90,984 and \$88,331, respectively.

(9) INCOME TAXES

The Association is exempt from taxes under Section 501(c)(6) of the Internal Revenue Code (IRC), and from federal and state income taxes under Section 501(a) of the IRC and corresponding sections of the California Revenue and Taxation Code. Accordingly, no provision or benefit for federal or state income taxes is recorded in the accompanying financial statements.

The Association's federal income tax returns for tax years 2013 and beyond remain subject to examination by the Internal Revenue Service. The returns for California, its only state jurisdiction, remain subject to examination by state taxing authorities for the tax years 2012 and beyond.

**DOWNTOWN LOS ANGELES PROPERTY OWNERS ASSOCIATION
DBA LA FASHION DISTRICT BUSINESS IMPROVEMENT DISTRICT
Notes to Financial Statements
Year Ended December 31, 2016**

(10) MAJOR VENDORS

For the years ended December 31, 2016 and 2015, approximately 61% and 53%, respectively of the Association's expenses (not including the Santee Alley Overlays) were from two major vendors: Chrysalis (cleaning services) and Universal Protection Service LP (safety services) amounting to \$2,131,243 in 2016 and \$2,034,872 in 2015. At December 31, 2016 and 2015, there were \$110,102 and \$124,300, respectively due to these vendors, which were included in accounts payable and accrued expenses in the Statements of Financial Position.

(11) RELATED PARTY TRANSACTION

The Association's Board of Directors has a conflict of interest policy in place that is intended to assure the Association stakeholders that the decisions of the Association are made objectively and with full knowledge of the involvement, if any, of the Board of Directors and staff. At times during the course of the year, the Association may determine that doing business with a Board member is in the best interest of the Association. In accordance with the Association's bylaws, such transactions are reviewed and approved by the Association's Board of Directors, with the involved Director(s) recusing themselves from voting.

**Fashion District
Board of Directors Retreat
SUMMARY
March 31, 2017**

On March 31, 2017, the Board of Directors of The Downtown Fashion District held a Board Retreat. Objectives of the retreat included:

- Reflect on the work and progress of the organization;
- Consider priorities for the future; and
- Establish a Vision for the District.

The retreat was facilitated by Kathleen Rawson, CEO of Downtown Santa Monica.

Workshop attendees, including Fashion District Board and Staff members, included:

Board Members	Staff Members	Guests
Mark Chatoff	Ariana Gomez	Barry Gold
Laurie Sale	Jasmine Ramos	I Hassan
Laurie Rosen	Jackie Sanchez	
Linda Becker	Randall Tampa	
Mark Levy	Rena Leddy	
Jessica Lewensztain		
Brad Luster		
Steve Hirsh		
John Remeny		
Elisa Keller		
Matthew Haverim		

The agenda for the workshop included:

1. Goals and Objectives for the Day
2. Review of an online and telephone surveys of board and staff priorities
3. Discussion: Brainstorm on issues and advocacy and determine priorities
4. Discussion: Tactics to advance top priorities

A summary of all discussion items follows.

ISSUES & PRIORITIES

Kathleen summarized the outcome of the telephone and on line surveys taken in advance of the retreat. Following that summary, the group was asked to review and expand the list of priorities The Fashion District should focus on moving into renewal and the next generation of the District. The list included:

- Clean and Safe are two programs, not one
- Marketing (Consumer, economic development, acknowledgement of changes)
- DTLA 2040
- Advocacy
- Budget
- Residential
- Social services
- Vision
- Pedestrian, vehicular connectivity
- Infrastructure
- District center – identify core
- Managing uses
- Public space management
- Acknowledge and create diverse neighborhood: “We never go back the way we came, find a different route”

After developing and discussing a list of ideas, each participant was provided with five votes to apply to priorities. Votes could be applied cumulatively, individually or in any combination. Results follow:

PRIORITIES: TACTICS FOR MOVING FORWARD

The Board discussed tactics to advance each of the priority actions.

1. ADVOCACY

Taken together, advocacy issues are the overall top priority of the organization with 23 votes .

ADVOCACY	<ul style="list-style-type: none">• Public Space Management• Pedestrian Experience• DTLA 2040• Vehicular/Bike/Pedestrian Connectivity• Infrastructure	23 Votes
CLEAN AND SAFE	<ul style="list-style-type: none">• Increased cleanliness throughout the District• Homelessness/Anti-Social Behaviors• Real and Perceived Issues of Safety and Wellbeing	16 Votes
MARKETING	<ul style="list-style-type: none">• Consumer Marketing• Events/Social Media• Economic Development Marketing• Research (i.e. sales data, ped counts etc.)• Branding/Identity• Educational opportunities for Brokers, Owners and Businesspeople	17 Votes

The Board and staff understand the importance of advocacy in all of the work of the organization. They spend 40-60% of their time on building relationships and advocating on behalf of the Fashion District and see it as a key tool in some of the more fundamental issues facing the future.

With DTLA 2040 on the horizon, the Fashion District needs to be fundamentally proactive in the future of the District. Zoning modifications, allocation of public resources to address infrastructure issues, public benefit priorities, grants and partnerships were all discussed as integral to the future.

Action: The Board will create an ADVOCACY AGENDA outlining the main issues to pursue and dedicate time and resources to the effort.

2. CLEAN AND SAFE PROGRAM

The Board is increasingly concerned about the lack of funds to provide key clean and safe services. Over the years there has been little or no increase in assessments paid by property owners, therefore the program has suffered due to lack of funds. It was clearly acknowledged that the services were exceptional given the budget, however the re-investment is now more important than ever. In addition, the increase in anti-social behavior and issues related to street living further burdens the limited budget

Action: The Board sees the increase in assessment for these services as crucial to the future of the District, and will work with the property owner community in the renewal process to explain and encourage support for an expanded effort.

3. MARKETING

There was significant discussion on Marketing in the district, and general consensus that the BID should have a marketing plan to address both consumer and branding, as well as economic development marketing tools and programs. Again, the Board was willing to help the broader community understand these efforts as essential for the future of the District. Ideas included:

- Assemble data and market information to provide a nuanced understanding of downtown's markets, sub-markets, opportunities and challenges. Create a "State of the Fashion District" tool for economic development efforts.
- Consider specialized data collection options such as pedestrian counters
- Bring owners, brokers, tenants and others involved with the marketplace into discussions on what is best for the District.
- Conduct a Brand Study and Identity
- Continue and enhance consumer marketing via social media and other more traditional approaches.

Action: Create a Brand marketing plan and dedicate time and resources to implement the plan.

STATEMENT OF VISION EXERCISE

With the priorities of the organization clearly laid out, the discussion then moved to the overall vision and vision statement for the District. The Board came up with a list of words and phrases to help identify the aspirational vision of the District.

Those terms included:

- Dynamic economic zone
- Neighborhood feel
- Educational Initiatives
- Eat, live, play, work friendly
- Creative hub
- Diversity of workers – culturally
- Authentic DTLA experience
- Restaurants/entertainment district
- Build a community

Possible Vision Statements could include:

THE FASHION DISTRICT IS A CULTURALLY, SOCIALLY AND ECONOMICALLY DIVERSE COMMUNITY WITH RICH HERITAGE IN THE FASHION INDUSTRY; A DISTRICT THAT IS EVOLVING INTO A FUTURE THAT WILL INCLUDE RESIDENTIAL AND CREATIVE OPPORTUNITIES WHILE MAINTAINING ITS ROOTS OF FASHION.

Executive Director's Report – April 20, 2017

Advocacy

Neighborhood Prosecutor Meeting

Rena met with Central and Newton's Neighborhood Prosecutors. They work in City Attorney Mike Feuer's office. We discussed issues that are impacting the Fashion District such as the future of marijuana clinics, homeless encampments and sidewalk access. We will be meeting again to get more involved in any zoning or regulations related to the new laws legalizing marijuana and where shops will be located. Because the Fashion District doesn't have a lot of associations that other neighborhoods have (i.e. churches, schools, daycare centers, etc.) it may become a very attractive venue for these businesses.

Meeting with Assembly Member Miguel Santiago

Rena set up a meeting with Assembly member Santiago to introduce herself to him and discuss the various priorities of the Fashion District. They talked about homelessness and affordable housing as well as funding toward infrastructure improvements for the district. He lives in the Arts District and is very familiar with our neighborhood.

Meeting with LADOT re: San Pedro Safety Project and Streetscape Improvements

Rena met with LADOT to give input into improvements along San Pedro. As part of the City's safety program Vision Zero, San Pedro from Temple Street to 9th Street. Improvements include a installing a center left turn lane, upgrading existing crosswalks, installing a bike lane. We also discussed our strong wish that improvements would be made along 7th Street as well.

Homeless Policy Committee Meeting

Rena attended CCA's Homelessness Policy Committee, members heard from the Office of Mayor Garcetti and the Los Angeles Homeless Services Authority (LAHSA). The Mayor's office provided the new [protocols](#) related to LAMC 56.11 regarding sidewalks and the storage of personal belongings. The new protocols will be enforced by Hope Teams and managed by the City's Bureau of Sanitation. The Hope Teams are comprised of a Los Angeles Police Department officer, sanitation worker and representative from LAHSA. They are trained to provide outreach and offer services. The teams will be deployed based on service requests to 311.

We also learned about the new [protocols](#) related to vehicle dwelling. These protocols will sunset on June 30, 2018, as the City hopes to have more permanent housing and designated safe parking programs available. Lastly, the committee discussed storage facilities for homeless individuals' belongings across the city. Currently, the only facility is in Skid Row. Thanks to the passage of Proposition HHH, the City now has the resources to fund these facilities but needs development partners. The City has released a RFP

LAHSA provided an update on the existing San Julian Center Drop-in Center in Skid Row. The center will be renovated into a 30-40 bed crisis center for homeless adults with severe mental

illness and drug addiction. It will be a place where high-acuity homeless individuals can stay while permanent housing is being identified. LAHSA also shared the progress that has been made over the last year in increasing outreach teams, transitioning shelters to 24 hour a day operations, refining the Coordinated Entry System and fully staffing up now that resources are available.

Meeting with City Attorney Mike Feuer

Rena attended CCA's Executive Committee and heard City Attorney Mike Feuer. Feuer candidly shared his views on the Trump Administration's recent actions regarding the travel ban, provided a good overview about Special Order 40, and what the term "sanctuary city" actually means. Feuer strongly supports local law enforcement and believes Los Angeles is a safer city when law enforcement can work with the immigrant community without the fear of deportation. Special Order 40 codifies that LAPD officers will not initiate a contact to inquire about immigration status. This has been a standing policy for four decades. Feuer stated if the Trump administration withholds federal funding from Los Angeles based on Special Order 40, he is ready to litigate.

City Attorney Feuer called homelessness one of the most difficult issues since there are "legitimate conflicting interests." His office is playing a significant role by establishing homeless courts and appointing a contact person within his office. The mobile homeless court is being funded by a County of L.A. grant and allows homeless individuals to do community service instead of paying for a citation. This program serviced 1,300 people in its first year.

In addition, Feuer told the audience about a new program he is launching that will encourage existing motels to convert to housing for homelessness. He stated existing motels are good opportunities because they are already built and in many neighborhoods throughout the city. Motel owners should consider this opportunity because the city will provide a secure source of rental income and funds for capital improvements which can be viewed [here](#).

Meeting with Deputy Chief Arcos

Deputy Chief Arcos shared the real challenges LAPD officers face when working with homeless individuals and how the SMART, RESET and HOPE teams are helpful. These are multi-disciplinary teams that have experts on engaging mentally ill and substance-addicted people. The teams also have benefit experts who can assist homeless individuals get connected to housing, services and other resources. Some teams also have representatives from the City of Los Angeles Sanitation Department to assist with bulky items and encampments, as well as enforcement actions for blocked entrances and exits. The Clean and Safe Teams have been working with Sanitation in cleaning up the alleys in the district.

DTLA 2040- CCA Committee Meeting

Rena, Board members Chatoff and Levy and stakeholders Taban and Yamabee are working with the CCA DTLA 2040 Committee to address the proposed changes to the Community Plan and to

ensure that the Fashion District's interests are well represented. See the CCA Letter with our comments.

Clean and Safe

			Trash Tonnage Change		
	2016	2017	Tons	% Change	YTD % Change
Jan	182.21	223.44	41.23	22.6%	22.6%
Feb ¹	168.00	197.65	29.65	17.6%	20.2%
Mar	196.62	219.38	22.76	11.6%	17.1%
Total Tons	546.83	640.47	93.64	17.1%	
Daily Average	6.01	7.12			

Note 1: Feb/2017 had 28 days (wet winter) Vs. Feb/2016 (leap year) 29 days (was hottest Feb in LA on record)

Meetings with UPS

Staff has been meeting with UPS every other week to ensure that they provide the services that they promised. We are currently down two people but UPS feels confident that the positions will be filled quickly. Additionally, UPS is going to offer advanced training to our senior level Team members, LGBT training and they are working with Eponics to upgrade our handheld devices and data collection.

BID Safe Team Officer of the Year

BID Safe Team Officer Daniel Melendez was named LA Fashion District BID Safe Team Officer of the Year at the Central LAPD Booster's Luncheon earlier this month. Every year Central LAPD recognizes a safe team officer in each business improvement district of downtown. Officer Melendez was recognized for his hard work and dedication to the district.

5 New Bikes for Safe Team

The BID purchased five new bikes for the daytime BID Safety officers. The new bikes are replacements for older ones that were no longer performing up to standard.

The Sobering Center

The LA Fashion District Clean Team has begun working with the new Sobering Center at 640 Maple Ave, a 50-bed facility that offers chronically inebriated individuals that might otherwise be taken to an emergency room or jail, a safe and secure place. The Sobering Center is a 24-hour, 7-day operation with nursing care. Services are provided to medically stable clients and services are voluntary.

Prius on Patrol: Economizing & Optimizing the Clean & Safe Team Fleet

In an effort to economize and make our Clean & Safe fleet more sustainable, the Safe Team has acquired a Prius which now patrols the district in the evening and early morning hours. The first hybrid to be used by the BID, the Prius is currently getting over 40 MPG, an almost six fold increase in fuel economy compared to the truck that was being used previously. In addition to saving on fuel and maintenance, the Prius came in under the allocated budget for a new vehicle. The truck will now be used by the Clean Team for pressure washing. A water tank and pressure washer are to be installed.

Marketing & Communications

Fashion District Banners

After inventorying the district and determining where light poles exist and which ones would be the most appropriate to use to install banners, the District is hiring AAA banners. The installation should begin sometime in May.

Brand Marketing Plan

Ariana has spoken to 25 various brand and marketing companies about working with the Fashion District on creating a brand marketing campaign. We sent an RFP out and have received 9 proposals. Staff will narrow the proposals to 3-4 and ask them to give a presentation to the Image and Communications committee. We hope to do this before Ariana Leaves on her vacation in May.

Marketing Stats for February

- **Website**-Visitors: 52,927
- **Facebook**- New followers: 293; Total: 4,9043
- **Twitter**-New: 49; Total Followers: 9,436
- **Instagram**-New: 621; Total: 21,647
- **Pinterest**-New: 72; Total: 5,260
- **Snapchat**-Average views per post: 100

New Businesses

Artist Studio Spaces Available at New 939 Studio

A new co-working space has opened up in the Fashion District. There are 11 spaces, some private and some shared, at a variety of prices. They come with a few perks as well.

Visit 939.studio to see them and to apply for a room if you are an artist looking for work space.

Rossoblu Ready to Open at City Market

The much-anticipated Italian restaurant by Chef Steve Samson of Sotto is scheduled to open at City Market in the next couple weeks. Rossoblu will be the third business to open at City Market. It joins Cognoscenti Coffee and Lovestitch. Eater LA shared a photo tour of the site and has the latest update, [here](#).

Holy Grail

On April 7th, we celebrated the ribbon cutting for [Holy Grail](#), a sneaker consignment shop that opened at 836 S Los Angeles St. This is the second location for Holy Grail who first opened in South Park. The consignment shop specializes in unique and rare sneakers from Nike, Adidas, Vans, and more. Thank you to Council District 14 and their downtown staff for helping make the ribbon cutting possible! holygrailgoods.com

Guido in LA

Used, vintage, and consignment shop, Guido in LA, is now open at **126 W 7th St**. The shop carries women's and men's apparel footwear and accessories, home goods, and gifts.

Little Damage

Homemade soft serve ice cream with a side of mischief. Little Damage is now open at **700 S Spring St**! The ice cream is made with premium ingredients and offers vegan flavors. This is the first location to open and it's already a favorite on [Instagram](#).

Mermaid on Main

Oakland-based artist Hueman has a colorful new mural at 9th and Main Street. "Mermaid on Main" is the artist's largest mural to date.

Lovestitch at City Market

Lovestitch is a contemporary brand that mixes traditional California style for an understated bohemian look. The brand is sold across the country from department stores to independent boutiques.

23rd ANNUAL TREASURES of LOS ANGELES



Thursday, May 11, 2017

Westin Bonaventure Hotel & Suites

11 a.m. Registration & Networking Reception • Noon Luncheon & Awards Program

REGISTER

CCA's Annual Treasures of Los Angeles is the City's most distinguished event, created 23 years ago to celebrate the diversity, strength, and excellence within the City of Los Angeles. The event recognizes Angelenos who have made outstanding contributions in a variety of fields, including arts and culture, business, media, science, community service, education, entertainment, fashion, and sports. Join us and more than 1,400 of Los Angeles' top business, elected and civic leaders on **Thursday, May 11, 2017, at the Westin Bonaventure Hotel and Suites** to celebrate City heros - known and unknown - who have contributed to the rich fabric of Los Angeles.

Be among the great companies and top business leaders supporting CCA's biggest event of the year, including Host Sponsor Brookfield.

HONOREES



Lt. Gen. Samuel A. Greaves

Commander,
Los Angeles Air Force Base

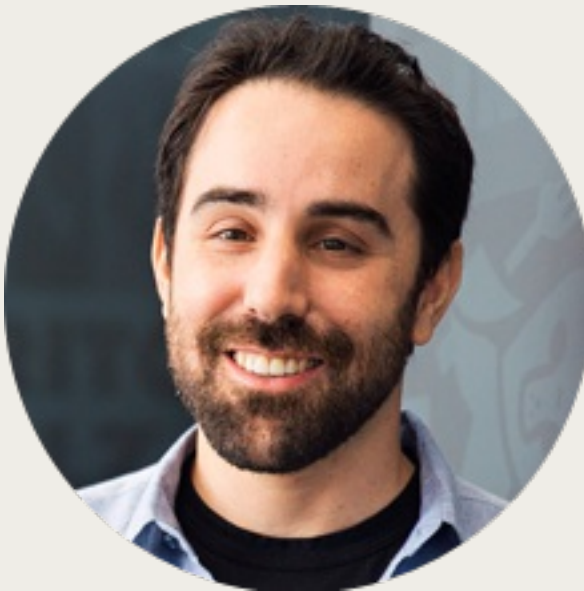
[MORE INFO](#)



Reverend Andy J. Bales, M.A.T.

CEO,
Union Rescue Mission

[MORE INFO](#)



Brandon Beck

Co-Founder, Chairman & CEO,
Riot Games

[MORE INFO](#)



Sue Laris

Co-Founder
Los Angeles Downtown News

[MORE INFO](#)



Tim Gunn

Author, Executive & Emmy-winning *Project Runway* Co-host

[MORE INFO](#)



Council President Herb J. Wesson, Jr. (Emcee)

10th District, Los Angeles City Council

[MORE INFO](#)

HOST SPONSORS





March 31, 2017

Bryan Eck
Los Angeles Department of City Planning
200 N. Spring Street
Los Angeles, CA 90012

Re: DTLA 2040

Dear Bryan,

Established in 1924, the Central City Association (CCA) advances policies and initiatives that support Downtown's vibrancy and investment in the region. We strongly support the DTLA 2040 effort and recognize it as an excellent opportunity to shape Downtown's growth.

We have formed a working group to evaluate the proposed General Plan Designations and offer this comment letter to assist City Planning in crafting a community plan that promotes housing production, job creation, and greater access to mobility, and equity.

Our comments are focused in the follow areas: Adaptability of General Plan Designations, Consistency of Downtown Planning Resources, and Supporting Downtown's Growth. The working group is continuing to meet and may submit additional comments to City Planning.

Adaptability of General Plan Designations (GPD)

Hybrid Industrial (HI GPD): CCA is concerned that this designation is too limited and will exclude a large area in Downtown from the development of 100% affordable housing projects and permanent supportive housing projects. The HI GPD only allows live/work units, which are expensive to build and rent or own.

We understand the intent of the live/work unit requirement is to retain jobs, producing uses in these areas, however we feel better mitigating policies may be a provision requiring a one-for-one job replacement when displacing jobs on previously industrially zoned land and removing job producing uses towards a project's FAR calculation. This was done in the recently adopted citywide Hybrid Industrial Live/Work Zone and could be used as a model.

CCA believes DTLA 2040 can both support the creation of new housing at all income levels while preserving and promoting jobs. In fact, CCA believes that Downtown must increase the supply of housing options affordable to workers, so companies can compete for the talent that drives our economy.

Markets (M GPD): Downtown is the region's center for growth and since 1999 our city center has added approximately 23,000 new residential units. We should support this trend and promote high-density residential uses. Downtown has the public transit infrastructure to

support new growth and it is the place in the city to meaningfully address the housing crisis. The intent of the M GPD is to preserve wholesale uses, while allowing for limited multi-family residential uses and live/work units. We are concerned that this designation is not taking into account what is actually happening in these areas or the lack of infrastructure to support wholesale uses. Wholesale is becoming an obsolete use and manufacturing and retail jobs are changing at a faster rate than ever before. We believe these areas must be allowed to evolve with maximum flexibility. They are the emerging areas of Downtown.

CCA proposes that the City try new approaches to promote Market areas, while allowing for new growth. We propose the allowance of the transfer of floor area rights between private entities. This could provide the incentive to help uses such as the Santee Alley remain, while creating a new use in close proximity. We also believe these areas would be the perfect places to test extending the concept of the Adaptive Reuse Ordinance (ARO) to commercial and industrial structures. ARO started as a pilot program in Downtown and we strongly believe Downtown is the place to try new approaches.

Villages (V GPD): We agree that these areas of Downtown are walkable, but also believe that standard must be extended across the entire DTLA 2040 area. Walkable areas are often characterized with ground-floor retail uses and that is an idea we'd like to expand upon. Schools, childcare facilities and hotels are all uses that also support walkable communities and we need to consider these uses in the Villages areas. There is a limit to how much retail can be absorbed in an area so diversifying ground-floor uses is a practical solution. The City may also consider incentives to locate schools and childcare facilities such as, allowing these spaces to not be counted toward the FAR calculation.

Jobs Preserve (JP GPD): Job creation must be our goal. This area should provide incentives to encourage new investment in Downtown. We believe much like the Market area the JP GPD could benefit from pilot projects. Again, we propose the allowance of the transfer of floor area rights between private entities and we also believe this area would also be ideal to extend the concept of the ARO to commercial and industrial structures.

In addition, to encourage job growth in the JP areas it is important to define manufacturing and warehousing in order to encourage manufacturing. It is more job rich and will discourage low job producing industrial uses like: pallet yards and scrap metal recycling.

Consistency of Downtown Planning Resources

The Greater Downtown Housing Incentive Area ordinance has two key provisions: it eliminates density calculations and allows for the FAR to be calculated by utilizing the leasable area. This ordinance has successfully encouraged high-density development in Downtown and these provisions should be incorporated throughout DTLA 2040, except in the Multi-Family Residential Neighborhood and Job Preserve GPD areas.

The Transfer of Floor Area Rights (TFAR) ordinance has been another successful tool for Downtown development and we believe it could serve as a model for the transference of air rights between private properties. Currently, the TFAR ordinance only allows area rights to be

sold from the Los Angeles Convention Center to a private development in certain areas of Downtown. Expanding the reach of a TFAR program could be a valuable tool to create new jobs, more housing, green space and to preserve historic structures.

We also understand there will be community benefits associated with DTLA 2040 and we must work to align those with the TFAR ordinance. We should not have duplicative and conflicting requirements. Additionally, we must coordinate TFAR and the community benefits related to up zoning in DTLA 2040 with other pending initiatives like Affordable Housing Linkage Fee and the existing Park Fee.

Supporting Downtown's Growth

DTLA 2040 is our chance to think big and positively move Downtown toward the next generation of growth. To that end we believe parking requirements should be eliminated. We know Downtown is one of the most over-parked Downtown's in the world and we need to stop this pattern if we are going to grow responsibly. Let's embrace Downtown's rich transit and walkable neighborhoods. CCA also supports allowing offsite parking for residential uses similar to what is currently allowed for commercial uses and we would like to work on the concept of shared parking throughout Downtown.

We also believe DTLA 2040 should establish a relationship to the Housing Element in order to encourage housing production. Tracking housing production based on the need identified in the Housing Element will give us an important tool to evaluate if the permitting process needs to be refined. Additionally, we want a mechanism that tracks housing production across the city to insure that all neighborhoods are participating in housing production at all income levels. The Downtown Industrial Neighborhood cannot continue to be the city's primary area to locate new homeless services and housing.

Finally we believe DTLA 2040 must have clear language around entitlements and vesting so projects that are applying for entitlements now are not held to two standards later when DTLA 2040 is finalized.

Thank you for your consideration and we look forward to our continued work together on DTLA 2040.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Hall", is positioned below the "Sincerely," text. The signature is fluid and cursive.

Jessica Lall
President & CEO

Cc: Councilmember Jose Huizar, Council District 14
Vince Bertoni, Director, City Planning
Ray Chan, Deputy Mayor, Office of Mayor Eric Garcetti

DRAFT



CCA'S DRAFT VISION AND ADVOCACY PRIORITIES

INTRODUCTION

CCA is moving into the future with a commitment to not only lead – but to also serve as a convener and collaborator with business, government, elected and appointed leaders, residents, educational institutions, nonprofits and other organizations and individuals – to advance policies and initiatives that enhance Downtown's vibrancy and increase investment in the region. CCA is dedicated to building on DTLA's successes and expanding its role as the region's leader on city centers.

This draft document is intended to serve as the framework to guide CCA's advocacy priorities and to set priorities for its resource allocations. The framework will also help CCA set the policy agendas for its standing committees so that the organization can grow its role as the leading advocate and coalition-builder on the issues that matter most to DTLA and the region.

CCA will be seeking input from its members regarding this framework. Once the priorities are finalized through this process, each advocacy priority will be further refined by developing an implementation strategy and communications plan.

CCA'S DRAFT MISSION STATEMENT

CCA's mission statement has not been updated for several years and, with new leadership at CCA, there is an opportunity to revise our mission statement to better reflect our goals. The draft statement for consideration:

The Central City Association advances policies and initiatives that enhance Downtown's vibrancy and increase investment in the region.

CCA'S DRAFT ADVOCACY PRIORITIES

Objective I: Planning for DTLA's Future

CCA will lead all efforts to plan for DTLA's future. Our city center is the place where people converge, discuss ideas, and discover new connections. Downtown is the region's center for growth, and we must embrace the role that development plays in animating the social fabric of Downtown and, by extension, the City of LA.

DTLA 2040, which is the merging and update of the Central City North and Central City Community Plans, is an excellent opportunity for CCA to play a leading role in shaping Downtown's growth. Our goal is to drive the conversation surrounding this effort.

We will also be highly engaged in the update of the Downtown Design Guidelines to promote high-quality development. We recognize the need to reach out to Downtown residents about the benefits of long-range planning and the impacts of new development. We are committed to engaging residents in this process.

CCA will utilize our Housing, Land Use and Development Committee and DTLA 2030 Committee to plan for Downtown's future.

Objective II: Supporting Thriving Businesses and Institutions

Downtown is the region's center for growth, and CCA is dedicated to creating an environment where businesses and institutions can thrive. We will advocate for policies that support investment and facilitate introductions to create strategic partnerships to encourage more investment.

DTLA will continue to be a regional employment center, and these jobs must pay good wages and employ a broad spectrum of workers, ranging from highly educated individuals to those with a high school diploma. CCA strongly believes the creative industries offer these opportunities. CCA will be committed to cultivating the creative industries in DTLA through targeted marketing and programming.

In addition, Downtown's vibrancy is supported by its unique commercial districts like the Jewelry, Fashion, Flower and Produce Districts. These were the first significant job creators, and CCA will promote them as well. As DTLA evolves, CCA will ensure these dynamic districts thrive by attracting new industries and by enhancing the sustainability of these districts by focusing on zoning, construction, parks, streets, mass transit, bikeways and other factors of the built environment that have an impact on these districts and their industries.

Tourism is essential to DTLA's future, and CCA will continue to grow that sector of Downtown's and the region's economy by leading policy initiatives that support tourism, including encouraging the development of new hotels and an improved convention center.

CCA will engage our DTLA 2030 Committee and convene regular meetings with the nine downtown Business Improvement Districts to implement all of these initiatives.

Objective III: Enhancing DTLA's Quality of Life

We support a Downtown that is welcoming to families as well as singles and retirees, to existing businesses and industries as well as new ones, and to pedestrians and transit users. To attract and retain a wide range of residents and create a world-class Downtown, CCA will advocate for increased school options, greater access to green space, and more innovative public art. CCA will seek changes in suburban regulations that limit new schools in Downtown. CCA will also promote public art and green space by partnering with the development community to ensure impact fees are effectively utilized.

CCA recognizes that access to transit is an important asset for Downtown, and we will work to enhance the connections between and among Downtown neighborhoods by seeking improvements in pedestrian and transit connectivity.

Walkability, access to culture and entertainment are key factors when deciding where to live. Growth industries, like new media, will locate in areas where their employees want to live. Downtown has the potential to be the hub for this kind of activity, especially with the many strong institutions already in DTLA, including: SCI-ARC, FIDM, USC, UCLA, LA Trade Tech and Loyola Law School. CCA will build on these strengths through marketing and programming. It also will become the go-to source for information regarding DTLA.

CCA will implement these strategies through our Transportation, Infrastructure and Environment Committee and our DTLA 2030 Committee.

Objective IV: Making Downtown the Place for New Housing

Los Angeles has a severe shortage of housing, and Downtown is no different. It has approximately 500,000 Downtown workers and is home to only 65,000 residents. Clearly, Downtown needs more housing.

Because Downtown has a strong network of transit options that support high-density housing, it is the place that can meaningfully address LA's housing crisis. CCA will continue to support broad-based policies that encourage the production of new housing and will leverage the DTLA 2040 effort and other policy initiatives to make Downtown the place for housing.

CCA will engage our Housing, Land Use and Development Committee to advance policies and initiatives that encourage housing production.

Objective V: Advancing Comprehensive Solutions to Homelessness

For many years, DTLA has been home to Skid Row, which is one of the largest concentrations of homeless people in the nation. Skid Row shows us first-hand that homelessness is a complex issue that requires a multi-faceted approach.

CCA will continue to advocate for proven solutions, such as permanent supportive housing and specialized outreach. CCA also will continue to support bridge housing, increased mental health and addiction services and jail-in-reach services. Jail-in-reach services are intended to help individuals find a home prior to being released from incarceration. This is especially important in Downtown, as the Men's Central Jail and Twin Towers are located in our city center. It is also important to end the well-established cycle of jail and homelessness. In addition, CCA will expand its advocacy for housing and services to be provided throughout Los Angeles, creating diverse mixed-income communities that will be healthier communities.

CCA already has been a leading voice for Measure HHH, which voters approved to in November to dedicate \$100 million over the next ten years to develop permanent supportive housing, and for Measure H. Voters approved Measure H in March to generate about \$355 million annually for ten years to support homeless services. We will continue to be a leading voice in seeking the implementation of these measures and advancing other strategies at our Homelessness Policy Committee.

NEXT STEPS

CCA requests input from our members about our Draft Advocacy Priorities. Please send your remarks and your interest in joining a working group to craft the associated implementation plans to Vice President of Public Policy, Marie Rumsey, at mrumssey@ccala.org by **May 4, 2017**.

Santee Alley Restrooms

2017 Calendar Year

3/27/2017

MAINTENANCE COST ESTIMATE				Jan-Jun/2017	Jul-Dec/2017	
	Bill Rate	Daily Hrs ¹	Days per Wk	Monthly	Monthly	2017 Annual
Sweeper/Janitor (Jan-Jun/2017)	\$ 16.04	6	7	\$ 2,695		\$ 16,168
Sweeper/Janitor (Jul-Dec/2017)	\$ 18.33	6	7		\$ 3,079	\$ 18,477
Labor Sub-Total						\$ 34,645
Supplies ²				\$ 850	\$ 850	\$ 10,200
Grand Total ^{3,4}				\$ 3,545	\$ 3,929	\$ 44,845

Notes

- 1) Assumes Maintenance Staff works 6 hrs a day 12-6PM (however security staff could open the restrooms at 11AM)
- 2) Toilet paper / soap / trash liners / cleansers / mops / brooms / personal protective equipment / etc.
Excludes paper towels (assumes electric hand dryer)
The BID will absorb \$750 a year for providing a radio, battery replacement and repair
- 3) Excludes fixture or infrastructure repair or replacement
- 4) This total cost estimate could be reduced if a reliable system is in put in place to charge and collect a fee for persons to use the restrooms. For example, \$18,250 a year could be generated assuming \$0.50 per person X 100 persons per day X 365 days)

FINANCING PROPOSAL		
	% allocation	Share of Cost
South Alley ¹	50%	\$ 22,422
North Alley ²	25%	\$ 11,211
Fashion District BID ³	25%	\$ 11,211
Total	100%	\$ 44,845

Notes

- 1) In 2017, the South Alley would fund this cost from projected budget savings in Security, Website & Restrooms Rental budget items
- 2) In 2017, the North Alley would fund this cost from projected budget savings in Security and Website budget items
- 3) The BID would fund this cost using funds from Reserve for MTA Grant Matching Funds